

Modification proposal:	Balancing and Settlement Code (BSC) P254: 'Remove the Main and SVA Specified Charge Amounts from the BSC and replace them with a requirement for Elexon to publish the current charge amounts on the BSC Website' (P254)		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	National Grid Electricity Transmission Plc (NGET), Parties to the BSC and other interested parties		
Date of publication:	18 May 2010	Implementation Date:	25 May 2010

Background

Main and Supplier Volume Allocation (SVA) Specified Charges are levied by the BSC Panel³ to recover certain Elexon⁴ (BSCCo) costs. Section D, Annex 3 ("Annex D-3") of the BSC outlines the Main and SVA Specified Charges.

Paragraph 1.2 of Annex D-3 indicates that the Main and SVA Specified Charges detailed in the BSC are only 'initial' figures and subject to amendment by the Panel at any time. The Panel may amend the amounts/rates⁵ for any of the Main or SVA Specified Charges without having to make corresponding changes to the BSC to reflect the amended Specified Charges. Hence, the Main and SVA Specified Charges currently detailed in the BSC are the 'initial' figures used in the BSC Year ending 31 March 2002 which are out of date.

Whilst Elexon publishes the latest charge amounts on its website⁶, there is currently no reference in the BSC which makes it clear to parties that latest charge amounts can be found on the Elexon website.

The modification proposal

Modification proposal P254 (the 'proposal') seeks to remove explicit references to the amounts and rates levied for Main and SVA Specified Charges from Annex D-3 of the BSC and replace this with a reference to charge rates being determined and notified to Parties by the Panel by publishing these charges on the BSC website. Post-implementation, Elexon will be required to update its website to reflect future changes to Main and SVA Specified Charge amounts.

Previous decision on Modification Proposal P228

On 21 January 2009, the Authority approved P228 'Replace Balancing Mechanism Reporting Service (BMRS) High Grade Services charge amounts/rates with references to BSC website schedule'. Whilst P228 removed the amounts/rates for three Main Specified Charges from the BSC and replaced this with a requirement to publish the latest amounts/rates for these three charges on the BSC website, a number of amounts/rates

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ The BSC Panel is established and constituted pursuant to and in accordance with section B of the BSC.

⁴ The role and powers, functions and responsibilities of Elexon are set out in Section C of the BSC.

⁵ From this point forward the latest amounts and rates relating to Main and SVA Specified Charges will be referred to as 'the latest charge amounts'

⁶ <http://www.elexon.co.uk/participating/costsandcharges.aspx>

for other Main and SVA Specified remain the BSC. It is these remaining amounts/rates that are the subject of this modification proposal.

BSC Panel recommendation

The Panel unanimously recommended implementation of this proposal at its meeting on 11 March 2010.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 14 April 2010. The Authority has considered and taken into account the responses to Elexon's consultation which are attached to the FMR⁷. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the BSC⁸; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁹.

Reasons for the Authority's decision

We note that four parties responded to Elexon's consultation on the draft modification report for this proposal, all of which agreed with the Panel's initial recommendation that the proposal should be implemented.

We note that one respondent suggested that Elexon should provide explicit notice of the publication of any revision to the latest charge amounts to industry and also made some additional suggestions about the format of the publication. We understand that Elexon has contacted this respondent and agreed to implement a solution in line with their suggestions.

We agree with the views of respondents and the Panel that implementation of the proposal will better facilitate relevant BSC objectives (d) than the current baseline. In relation to the remaining BSC objectives, we consider the proposal to be neutral.

Relevant BSC objective (d) 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements...'

We consider the main benefits in relation to this objective to be reduced potential for confusion and increased transparency and efficiency.

The Authority agrees with the Panel's view that, while current arrangements in the BSC do indicate that the amounts/rates relating to Main and SVA Specified Charges are only 'initial' rates and that these may be amended by the Panel at any time, the current arrangements do not:

- readily identify if the amounts/rates have actually been amended, or

⁷ BSC modification proposals, modification reports and representations can be viewed on the Elexon website at www.elexon.com

⁸ As set out in Standard Condition C3(3) of NGET's Transmission Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=4151

⁹The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

- make explicitly clear that the latest charge amounts are available on the Elexon website.

We consider that the current arrangements may therefore cause confusion

This proposal would remove the initial rates for Main and SVA Specified Charges from the BSC and instead explicitly refer parties to the Elexon website where they may view the latest charge amounts. This should help reduce the scope for such confusion in the future.

Overall, the Authority considers that this proposal would improve efficiency and transparency in reflecting amendments to Main and SVA Specified Charges. Therefore, we consider that this proposal better facilitates this objective.

Decision notice

In accordance with Standard Condition C3 of NGET's Transmission Licence, the Authority, hereby directs that modification proposal BSC 254: 'Remove the Main and SVA Specified Charge Amounts from the BSC and replace them with a requirement for Elexon to publish the current charge amounts on the BSC Website' be made.

Mark Cox

Associate Partner, Trading Arrangements

Signed on behalf of the Authority and authorised for that purpose